

Division of Financial Institutions

Ohio Residential Mortgage Lending Act H.B. 199 Implementation Guidance

The Ohio Residential Mortgage Lending Act, House Bill 199, was passed in December 2017 and became effective March 23, 2018. H.B. 199 consolidated all residential mortgage lending under Ohio Revised Code (O.R.C.) Chapter 1322. O.R.C. Chapter 1322 was formerly known as the Ohio Mortgage Broker Act (OMBA) and was renamed the Ohio Residential Mortgage Lending Act (RMLA). All references to residential mortgage lending were removed from O.R.C. § 1321.51 to § 1321.60 (formerly the Ohio Mortgage Loan Act, or OMLA); this law will now be referred to as the Ohio General Loan Law (GLL). H.B. 199 also eliminated, renamed and consolidated certain exemptions and licenses that previously existed under the OMBA and OMLA.

H.B. 199 provides for all entities holding active licenses before the effective date to continue lawful operation, as explained further below, until the end of calendar year 2018 without additional filings with NMLS or the Ohio Division of Financial Institutions.

Provided below is the division's implementation guidance and FAQs for all licensees and registrants under the former Ohio Mortgage Broker Act (now the Ohio Residential Mortgage Lending Act or RMLA) and the former Ohio Mortgage Loan Act (now the Ohio General Loan Law or GLL).

Questions can be directed to the division by emailing webdfi-cf@com.state.oh.us. Individuals are encouraged to review all the questions and answers below, as well as the new law before reaching out to the division. The division is currently facing a significantly increased workload to implement the new law, therefore, there may be some delay in responding to inquiries.

Questions About License and Registration Changes

Q: What happens to my active company registration or exemption or individual license under the OMBA or OMLA on March 23? Can I keep doing business under the new law? Do I need to file something?

A: All companies and individuals with an active license, registration or letter of exemption issued by the division on or before March 23 **will continue to be licensed and able to do business**. All companies and individuals holding active licenses and registrations under the OMBA or OMLA may conduct business under the new law until the end of 2018 without an additional filing.

The name of your license or registration will change as described in further detail below, but your Ohio license number and NMLS ID number will not change. You may continue to use advertising materials with your prior license or registration information/numbers as explained further below.

Some OMLA registrants may need to take additional steps as outlined below beyond the normal renewal process to continue to engage lawfully in the residential mortgage business in 2019.

Q: The name of my license or registration changed. Why did that happen?

A: H.B. 199 consolidated all residential mortgage lending under O.R.C. Chapter 1322. This Chapter was formerly known as the Ohio Mortgage Broker Act and was renamed the Ohio Residential Mortgage Lending Act (RMLA). All references to residential mortgage lending were removed from O.R.C. § 1321.51 to § 1321.60 (formerly the Ohio Mortgage Loan Act) and this law will now be referred to as the Ohio General Loan Law (GLL). H.B. 199 also eliminated, renamed and consolidated certain exemptions and licenses that previously existed under the OMBA and OMLA.

Due to these changes, the division and NMLS have worked together to rename the licenses and registrations issued under the OMBA and OMLA to their new equivalents under the new law. The list below provides the name changes taking place automatically in NMLS on March 23. In effect, the division is automatically

granting these licenses to all holders of active licenses issued under the old law to facilitate an orderly transition to the new law. All NMLS numbers and Ohio license numbers will remain the same.

- The OMBA Certificate of Registration will be renamed to RMLA Certificate of Registration.
- All individual licenses, OMLA Mortgage Loan Originator License and the OMBA Loan Originator License, will be renamed to RMLA MLO License (as explained further below, these authorities have been consolidated under the new law).
- The OMBA Mortgage Banker Mortgage Broker (MBMB) Letter of Exemption will be renamed to RMLA Certificate of Registration (as explained further below, this exemption was eliminated).
- The Credit Union Service Organization Letter of Exemption, under both the OMLA and OMBA, will be renamed to RMLA Letter of Exemption.

Q: My company holds a Mortgage-Broker Mortgage-Banker Letter of Exemption. I heard that was eliminated, and I still want to keep making mortgages. What happens to me?

A: You do not need to do anything at this time. The name of the company's exemption will automatically change to RMLA Certificate of Registration. You may continue to conduct business under the new law until the end of 2018 without an additional filing with the division. Upon renewal for 2019, the company will be obligated to meet all requirements of the RMLA for renewal, since H.B. 199 eliminated the MBMB exemption. If you file a timely renewal, your company also will be permitted to continue to operate as usual while the renewal application is being processed.

Q: I hold both the OMBA Loan Originator and OMLA Mortgage Loan Originator Licenses. What happens to me?

A: The name of your license will change, but your Ohio license number and NMLS ID number will not change. After March 23, you will automatically hold a Mortgage Loan Originator License issued under the RMLA. You may continue to conduct business under the new law until the end of 2018 without an additional filing with the division. At renewal, you will only need to renew one license instead of two. H.B. 199 consolidated all mortgage lending under one law, so there will no longer be dual licensing of MLOs/LOs in Ohio. If you file a timely renewal, you also will be permitted to continue to make mortgage loans under your 2018 license while your application for 2019 is being processed.

Q: I hold only the OMLA Mortgage Loan Originator License or only the OMBA Loan Originator License. What happens to me?

A: The name of your license will change, but your Ohio license number and NMLS ID number will not change. After March 23, you will automatically hold a Mortgage Loan Originator License issued under the RMLA. You may continue to conduct business under the new law until the end of 2018 without an additional filing with the division. At renewal, you will renew as usual under the new license name. If you file a timely renewal, you will also be permitted to continue to make mortgage loans under your 2018 license while your application for 2019 is being processed.

Q: Will the changes made to company and individual licenses and registrations impact my affiliation or sponsorships?

A: No.

Q: My company holds the OMLA Certificate of Registration and holds a Registration or Exemption under the OMBA. I just want to keep engaging in the mortgage business. What do I do?

A: You do not need to do anything. The name of your OMLA registration will change to GLL Certificate of Registration, and the name of your OMBA registration or exemption will change to RMLA Certificate of Registration. In the future, you will only need the RMLA Certificate of Registration to engage in any residential mortgage business. At your option, you may choose to surrender or not renew your GLL Certification of Registration.

Q: My company holds only the OMLA Certificate of Registration and we want to keep making mortgages (not consumer loans). What do I need to do?

A: You may continue to originate mortgages under your existing Registration until the end of 2018. After March 23, this license will be called a General Loan Law Certificate of Registration. If you wish to continue to engage in residential mortgage business after 2018, you must obtain a Residential Mortgage Lending Act Certificate of Registration via a transition process before you renew. There is a process in NMLS to obtain this certificate via a transition for your company and each branch. There are NMLS fees for this process. There are no division fees for this process.

To undertake this process, you must elect to obtain company and branch licenses in NMLS under RMLA. When you apply for the transition, you must do so for the company first, before the branches. You must provide OH-C-01020 as your license number on the company application for the RMLA Certificate of Registration. Then, when you apply to obtain the branch licenses under RMLA, you must use OH-B-01020 as the branch license number.

Q: I hold the OMLA Certificate of Registration and I want to keep making just non-mortgage consumer loans. What do I need to do?

A: You do not need to do anything. After March 23, the name of your registration will change to a General Loan Law Certificate of Registration. You will renew in NMLS as usual under the new registration name.

Q: I hold a Credit Union Service Organization Letter of Exemption. What happens to me?

A: You do not need to do anything. After March 23, the name of your CUSO Letter of Exemption will change to RMLA Letter of Exemption. You will renew as usual. If you held letters of exemption under both OMBA and OMLA, you will only renew one letter of exemption under RMLA to engage in mortgage business because H.B. 199 consolidated regulation of residential mortgage lending in Ohio under one law.

Q: I currently have an application pending with the division under the OMBA or OMLA. What happens to me?

A: Your application will be reviewed under the new standards created by H.B. 199 and issued under the new law. You will not need to refile. Applications made under the OMBA automatically will be treated as applications under the RMLA and applications made under the OMLA will be automatically treated as applications under the GLL.

Q: My license, registration or exemption name changed but the letters that abbreviate the license name did not change. Can I still use my license number with the letters that correspond to the old statute?

A: The letters in the Ohio license number eventually will be changed to line up with the new license and registrations names corresponding to the changes described above. However, this is a manual process and it will take time. You may continue to use your prior license, registration or exemption number until the end of 2018 so long as it is the same number appearing on NMLS and/or your Ohio license, registration or exemption certificate. The division expects the letter changes will be completed during the next renewal period.

To provide the greatest flexibility to companies making this transition, the division will not sanction the use of prior Ohio license, registration or exemption numbers on advertising until after Jan. 1, 2020, provided the company is otherwise in compliance with the new law.

However, former OMLA Registrants should be aware that no residential mortgage lending will be permitted under any General Loan Law registrations after Jan. 1, 2019. Please see the instructions above concerning transitioning these registrations to the new law.

Questions About Compliance Under the New Law

Q: Once the new law goes into effect on March 23, 2018, what are my responsibilities under the prior laws?

A: Any loans made prior to March 23, 2018, must follow the law in effect at the time the loan was originated. In other words, all recordkeeping rules, statutory provisions and administrative rules that were in place at that time will apply to any business activities up until that date and remain applicable to each loan until the loan and the associated recordkeeping timeframe expire.

Q: When the statute takes effect on March 23, how will that impact the administrative rules?

A: If a statute is in direct conflict with any portion of the administrative code, the statute should be followed and determines the outcome. Legal counsel for companies and MLOs and registrants under O.R.C. Chapters 1321 and 1322 should carefully review H.B. 199 for changes to legal requirements that might conflict with portions of the Administrative Code.

Q: Will mortgage brokers holding the Certificate of Registration still be required to have a brick and mortar location within the state of Ohio?

A: The division believes the intention of the General Assembly was to eliminate this requirement. Therefore, the division will not require companies to have a brick and mortar location in Ohio to obtain a Certificate of Registration under the RMLA.

However, a main office and any branch offices must still be registered. MLOs must still be associated with an office and overseen by the company in a reasonable manner. The division will continue to carefully review both company and branch applications for compliance with the law.

Q: Are there any currently required disclosures that will NOT be required in the future?

A: Private legal counsel should carefully review H.B. 199 before advising clients on changing their disclosure practices. In general, the legislation removed forms that were required by O.R.C. Chapters 1322 and 1321, and kept those forms required by other state statutes. For example, the OMBA Mortgage Loan Origination Disclosure Statement and OMLA notice of change in mortgage terms forms will no longer be required, but the Ohio Attorney General forms still will be required.

Q: Was the "Special Account" eliminated?

A: The "Special Account" will no longer be required. However, regulated entities remain responsible and accountable for appropriate handling of customer funds.